

Committee on Commerce Subcommittee on Energy and Power

Electric Utility Industry Restructuring

Field Hearings
April 18, 1997
Chicago, Illinois

Good morning Mr. Chairman and members of the Subcommittee. My name is Bobbi Bennett. I am here today as a representative of the National Training and Information Center (NTIC) located here in Chicago. We have been working on energy affordability issues since our inception in 1972 and have been at the "restructuring discussion table" in Illinois and the nation since 1994 as representatives of consumers with minimal load and even less financial resources. NTIC views electric utility restructuring as an opportunity to do the things our current regulatory system in Illinois (and the country) has, for the most part, been unable to do---lower the cost of energy for millions and millions of low income consumers.

Low income households can spend anywhere from 18 to 50% of their monthly incomes on basic utility services. And, in an era of decreasing governmental assistance in welfare programs, housing programs, food stamps, Medicaide, and energy assistance and weatherization, the energy burdens of consumers with limited resources will increase even more. Certainly, if there is any way possible to lessen that financial burden and lessen it

significantly, then NTIC believes these opportunities must be seized and seized in a expeditious manner.

As we have often mentioned, we would like to see low income households have first crack at choosing lower cost providers. However, it is not certain those low cost providers would want to service low income customers! We have always been concerned about the issue of red-lining, of companies purposely denying services to families who have troubled payment patterns, who live in economically deprived areas, who live in minority neighborhoods.

So, on one hand we know low income consumers could benefit from the ability to choose their electrical power suppliers. But, if those providers choose not to service low income consumers, then the people who really need relief the most are literally cut out of the market.

This brings me to the most significant point NTIC has to make on federal legislation. There must, and I underscore the word must, be a provisions for affordable universal service and affordable providers of last resort. Affordable is the other key word here. It means little to have wires brought to the door of a household and that household not have the financial resources to bring the "juice" into the house!

NTIC also strongly recommends for the mandating of weatherization, energy efficiency, and payment assistance programs, and a funding mechanism for such programs in any legislation (federal or

state) which causes the utility industry to be reregulated. In the states where legislation has already passed, this has already occurred. Generally because those states already had programs in place and deals were cut to include them. In Illinois, where there are no such programs, we have worked together with all the other stakeholders to ensure that this will happen, and happen in a most significant way. We have a strong network of energy advocates, state agencies, utility companies, and most importantly, state legislators who have seized the day, so to speak, in the chaos of deregulation, to push for programs and funding that even two years ago we thought would be impossible to accomplish.

However, it has taken us almost 15 years to get to this spot! That's why, in many ways, as an advocate for low income consumers all over the country, NTIC and many of our affiliated organizations believe federal legislation may be the only way low income consumers will benefit from this new era of reregulation. Impoverished citizens have generally not fared well when this country has taken a "piece meal" or "state by state" approach to providing programs which assist this particular segment of our society. Not every state has such vocal representatives at the stakeholders' table as we do in Illinois. And, we are very cognizant of this. Federal legislation must address the particular needs of this class of residential consumers. Even if federal legislation does not pass this year, the very threat of its passage

will expedite the legislative or regulated process in states who are now still in the "exploring" stage. It becomes the model to think about, the "check list" to compare with. If there is nothing in there specifically on affordable universal service, affordable providers of last resort, programs and policies aimed specifically at low income consumers, then it is very plausible these households will be excluded from the market.

I have heard it mentioned by several companies who are anxious for immediate competition to begin that they are more than willing to service the low income community. They have stated that several industries have made money in doing so. The industries they mentioned were the banking and the insurance industries. I grant you, the banking industry and the insurance industry have found it to be profitable to service the low income community. However, initially those two industries "redlined" the very communities that are now profitable for them to serve! It has taken federal legislation and regulation and yearly battles to get those services and then keep them in our neighborhoods. Again, this is the reason NTIC recommends language be incorporated in federal legislation which addresses affordable universal service and other related issues.

We have such an opportunity here.....if we all step back and examine closely what is now on the table and what might be added to ensure the inclusion of all the stakeholders involved in

this issue. Just saying something will happen, such as that aggregators will be more than happy and willing to service low income consumers, doesn't make it so.

We recommend competition occurs as soon as it is feasibly possible for all classes of customers to have access to the market and for all classes of customers to benefit from such access. Again, we want to reiterate the fact that saying something will happen, such as the low income community will be served in an affordable, reliable, and safe manner, does not make this a reality.... unless there is legislative language to ensure that it happens. Historically the open market has not been kind to low income communities. We can change that. You can change that!

I thank you for this opportunity to appear today. We have some exciting days ahead of us.....if we get this right!